

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

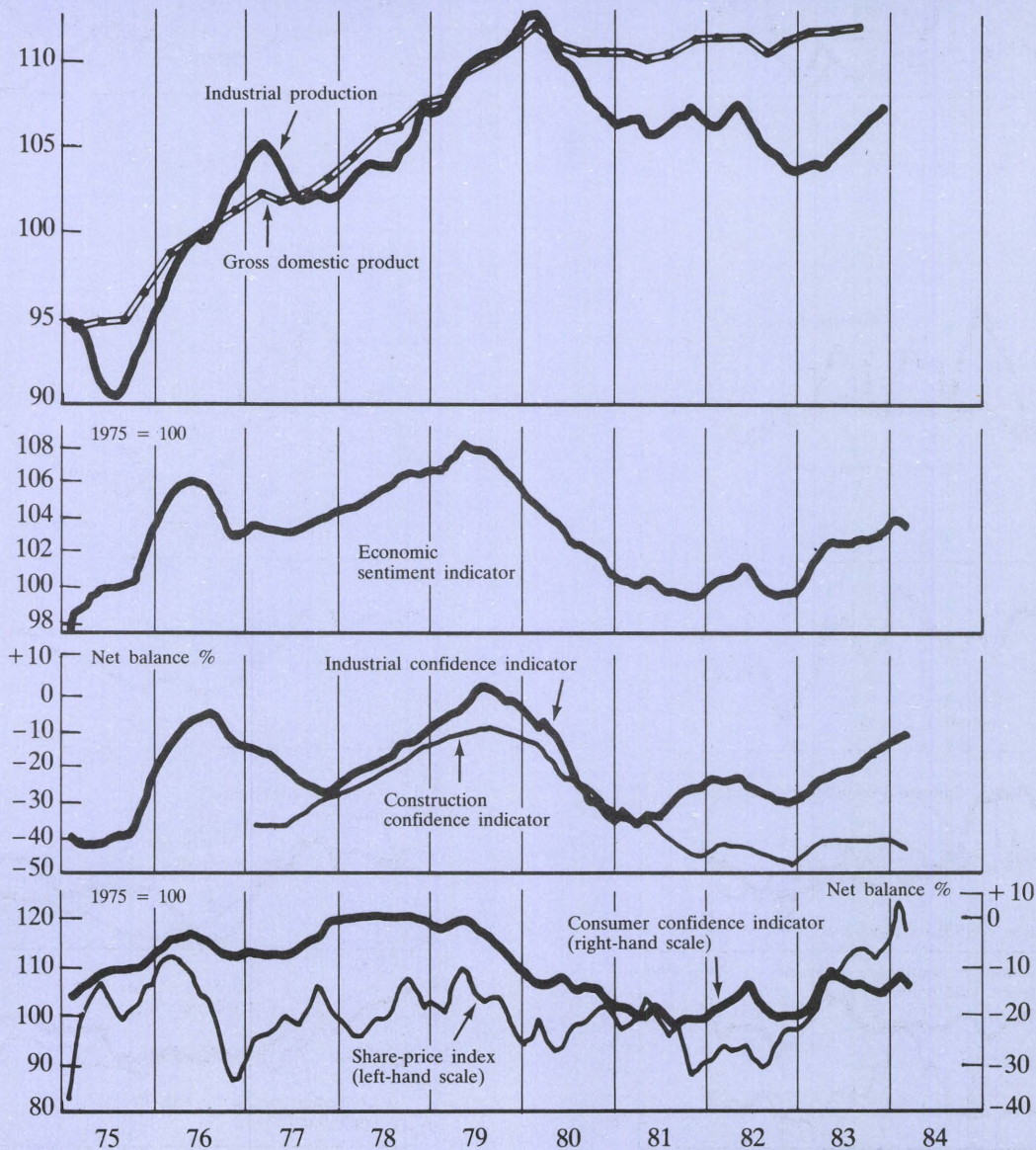
Supplement B — No 3 — March 1984

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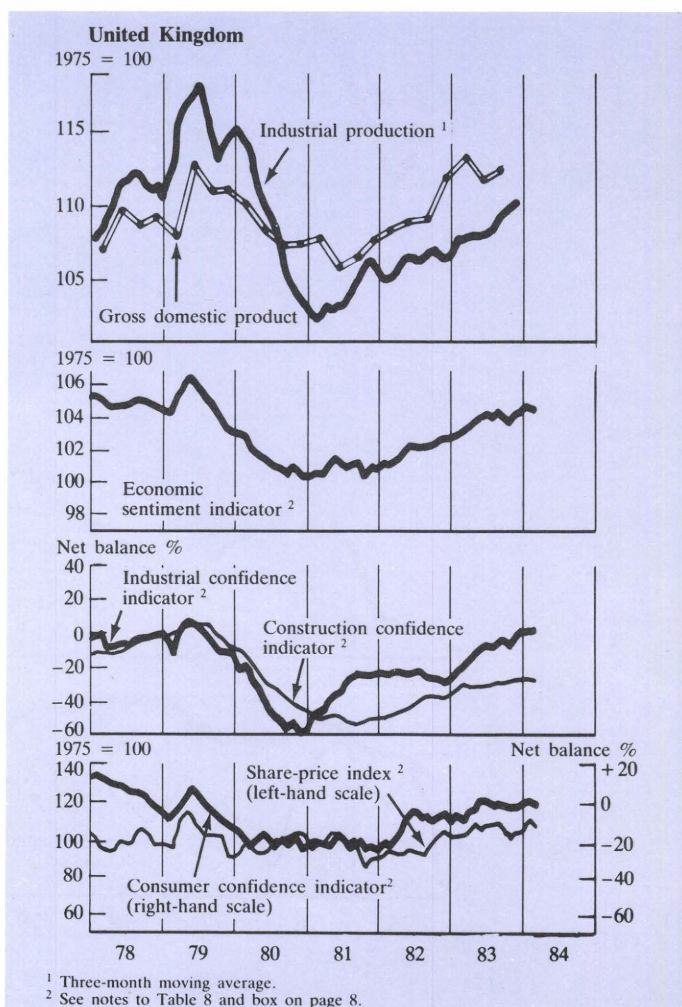
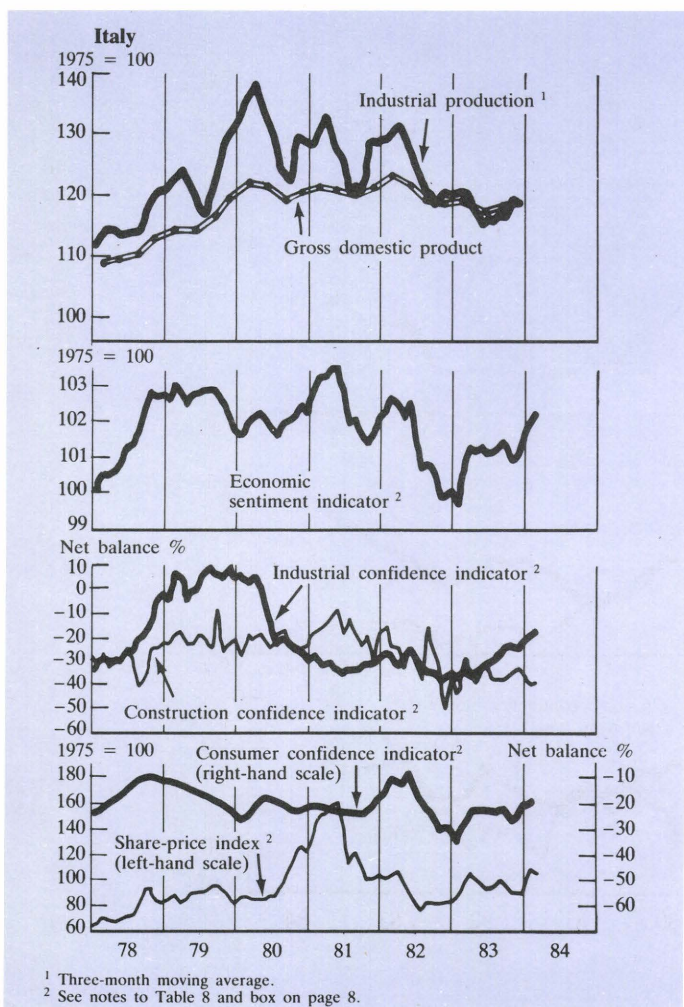
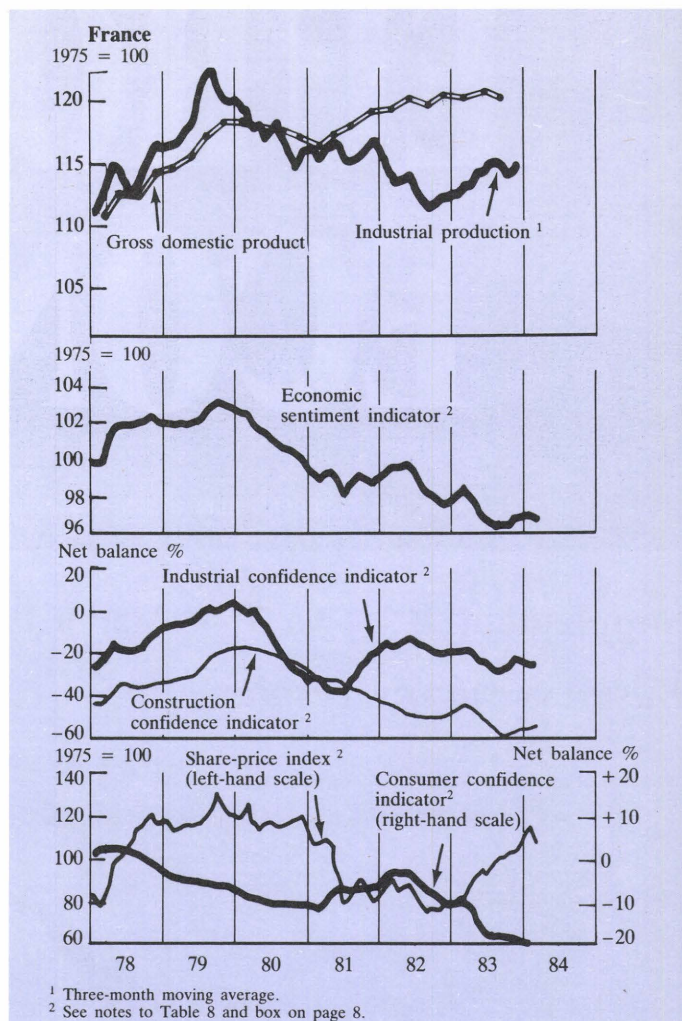
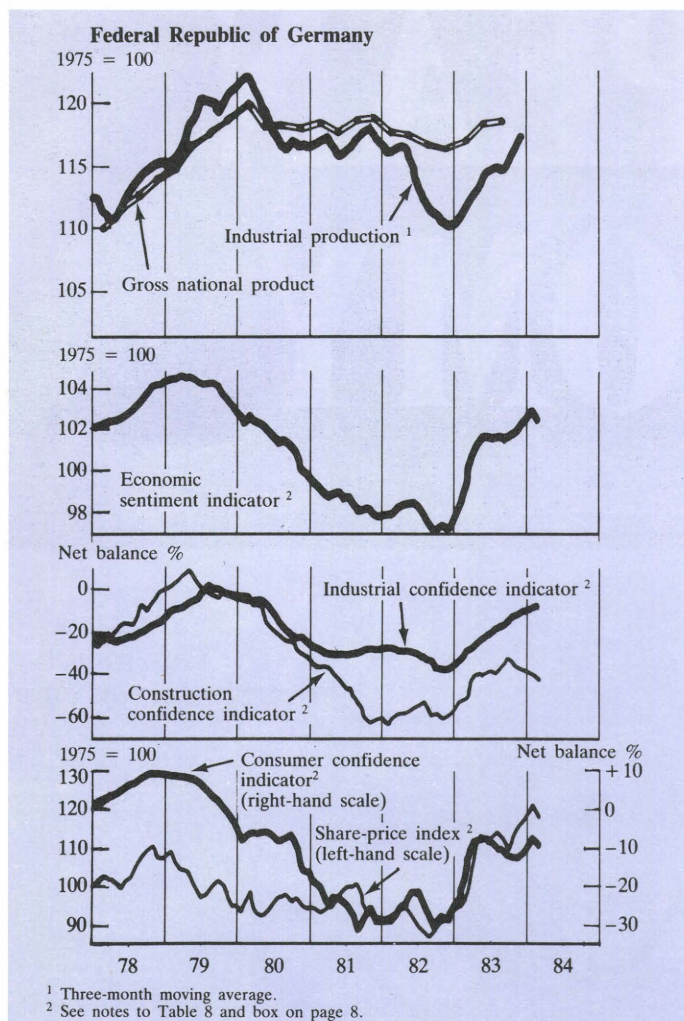
Business survey results

*This month :
Quarterly survey data*

GRAPH 1 : Indicators of output and economic sentiment — European Community



GRAPH 2 : Indicators of output and economic sentiment in seven Member States



Mixed development of economic sentiment in the European Community. — According to the February survey results the upswing in industrial activity has continued. On the other hand, consumer confidence has weakened slightly and the construction industry remains depressed. In February the fall in the share index took the economic sentiment indicator marginally lower (Graph 1, Tables 1 and 8).

Further improvement in industrial confidence. — This edition of **Supplement B** contains the new quarterly survey results giving particularly extensive information on industry's prospects, as well as the usual monthly indicators.

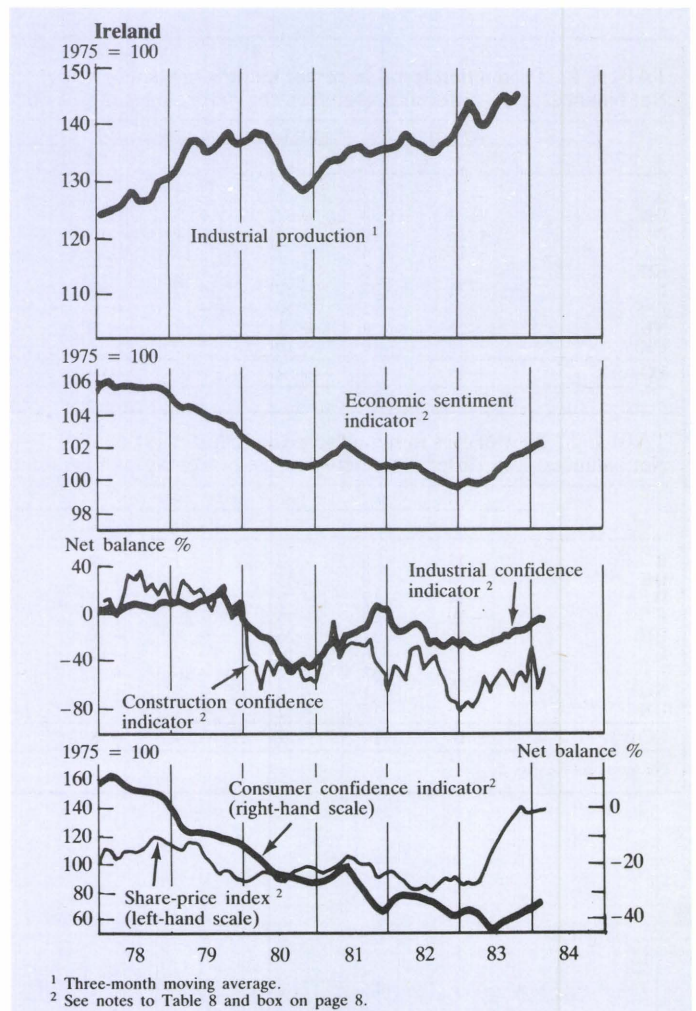
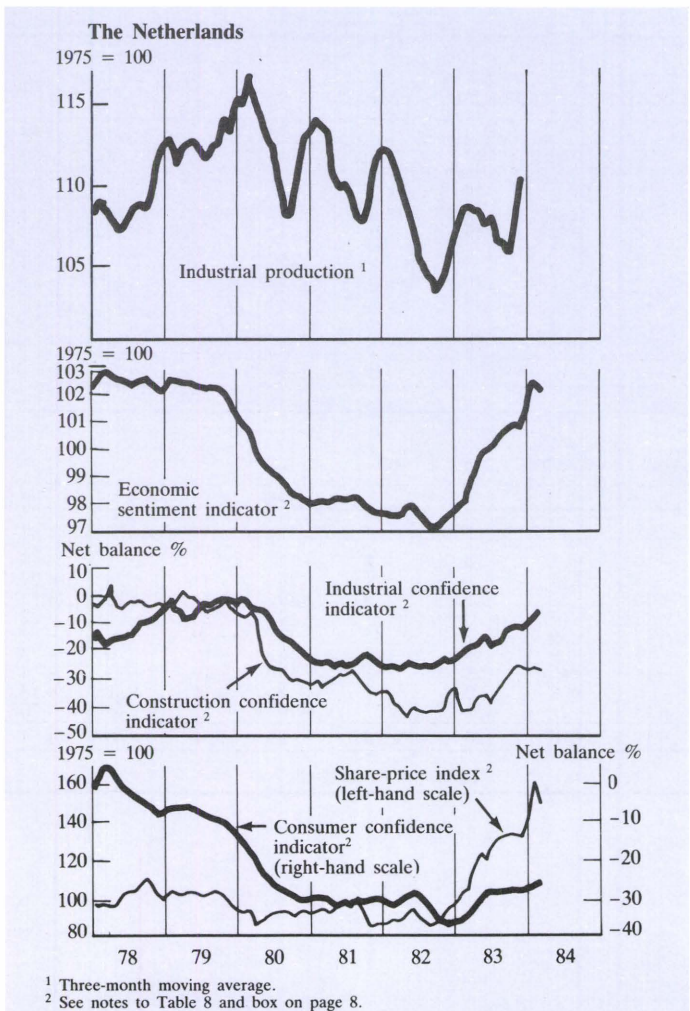
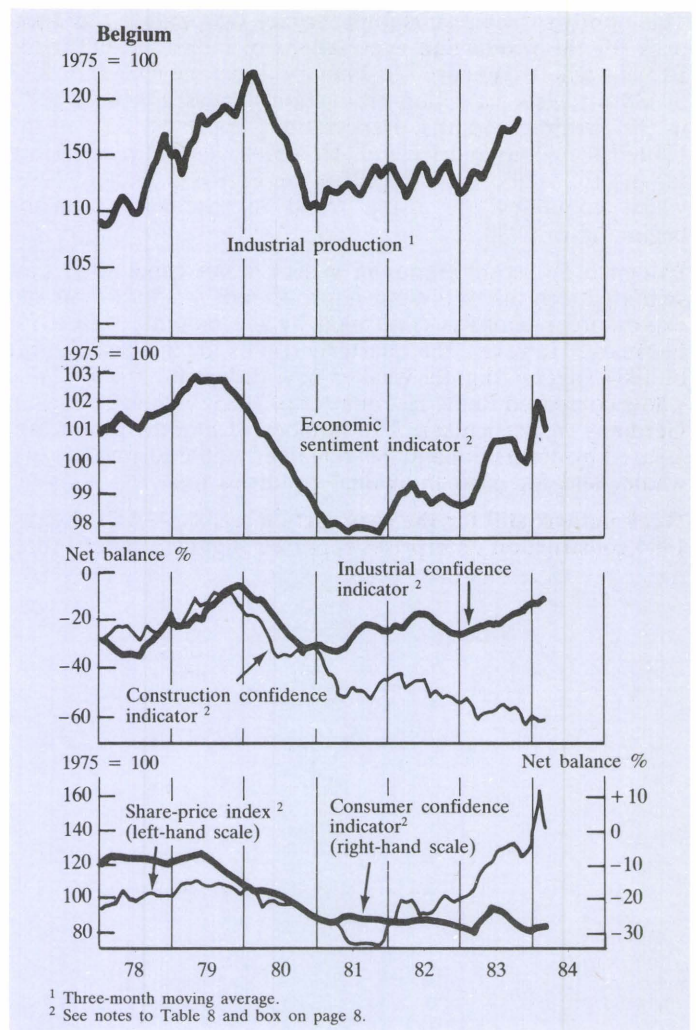
Overall industrial confidence in the Community clearly improved in the first quarter of 1984, a fact supported also by the results of the monthly survey.

The trend of industrial production rose significantly in the fourth quarter of 1983 in the assessment of companies surveyed (Table 1). This is true across all Member States, with the trend in France, Ireland and Luxembourg rising most clearly. (Industrial production and national accounts data are still incomplete for the period: the survey results suggest they will be quite positive).

Capacity utilization increased further in the first quarter of 1984, following significant rises in the second half of last year (Table 6). For the EC as a whole capacity utilization in industry averaged 79,2 % in the first quarter of 1984, which compares with a low point of 76,4 % in the last recession and the highest recorded level of 86,4 % (in 1973).

Capacity utilization has recently risen significantly in Germany and the United Kingdom, two countries in which also the perceived margin of spare capacity in relation to production expectations has declined (Table 5).

The **employment expectations** of industry have become somewhat less negative in the first quarter of 1984 in the EC as a whole; strong improvements in the employment outlook in Germany and the United Kingdom contrast with a marked deterioration in France and stability in Italy (Table 7).



The monthly survey results for February 1984 show a slight set-back for the **production expectations** of industrialists for the EC as a whole compared to January (a net balance of + 5 % of industrialists expecting production increases, after + 6 % in the previous month). Expectations improved only in the United Kingdom and Ireland. However, the February figure for the EC is above the level for the fourth quarter of 1983, which continues the rising trend in evidence since the beginning of 1983.

Evidence on recent trends in **orders** is not conclusive. Last year's pattern of continuous improvement for both total and export order-books is confirmed by the monthly results for February. However, the quarterly results for the first quarter of 1984 suggest slightly weaker new orders for the EC as a whole compared to the last quarter of 1983 (with a set-back in Germany in particular). The number of months production assured by orders in hand has remained stable for the EC as a whole, and for most individual countries too.

Weak outlook still for the construction sector. — In February 1984 construction enterprises reported slightly weaker order-

books than in the preceding two months. By comparison with a year ago the order book situation has slightly improved, but overall for the EC there has been little improvement of a depressed situation. As in the case of manufacturing industry, order books over the past year improved in Germany and the United Kingdom, with weaker results in France and Italy.

Strong underlying improvement in economic sentiment. — Taking a somewhat longer perspective several countries have experienced striking changes in the confidence of economic agents, as illustrated by the composite **economic sentiment indicator** shown in the graphs. In Germany, the Netherlands, Ireland and Italy, there were major upward turning points around the beginning of 1983, and in the first two of these countries the upturn in economic sentiment has been very pronounced. For two other countries, Belgium and the United Kingdom, there has been a more progressive improvement in confidence over a longer period, starting in early 1982. In France the trend evolution of economic confidence is still uncertain.

14 March 1984.

TABLE 1 : **Production trend in recent months (a) (s.a.)**

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1981			1982		1983				1984			
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
B	- 7	- 2	- 3	- 3	- 5	- 4	+ 3	- 2	- 5	- 3	- 4	- 3	- 1
DK	- 4	+ 3	+ 12	+ 5	+ 2	- 1	+ 10	- 1	+ 2	+ 4	+ 9	+ 16	+ 19
D	- 13	- 17	- 2	- 11	- 10	- 12	- 16	- 22	- 19	- 10	- 1	0	+ 4
F	- 16	- 4	- 7	- 12	- 5	- 2	0	- 9	- 6	- 11	- 8	- 8	- 1
IRL	+ 1	- 6	- 4	+ 8	+ 3	- 1	- 5	- 9	- 9	- 5	- 14	- 3	+ 5
I	- 31	- 37	- 39	- 30	- 37	- 35	- 35	- 35	- 42	- 44	- 44	- 34	- 33
L	- 14	- 15	+ 10	- 11	- 6	+ 5	- 19	- 17	- 30	+ 20	0	- 8	+ 29
NL	- 6	- 4	+ 1	- 2	- 4	- 2	- 5	- 3	- 6	- 3	0	+ 3	+ 4
UK	- 12	- 10	+ 16	0	- 2	+ 1	- 15	- 11	- 16	+ 7	+ 14	+ 20	+ 24
EC (c)	- 15	- 14	- 4	- 11	- 10	- 9	- 13	- 16	- 17	- 10	- 5	- 2	+ 2

TABLE 2 : **New orders in manufacturing industry (a) (s.a.)**

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1981			1982		1983				1984			
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
B	- 13	- 6	- 2	- 9	- 9	- 3	- 6	- 1	- 10	- 8	+ 2	- 3	- 1
DK	- 4	0	+ 13	+ 3	- 3	- 8	+ 3	+ 5	- 1	+ 21	- 10	+ 15	+ 24
D	- 14	- 17	+ 9	- 9	- 4	- 20	- 10	- 11	- 25	- 8	+ 10	+ 14	+ 18
F	- 29	- 13	- 19	- 32	- 18	- 9	- 12	- 7	- 20	- 21	- 19	- 23	- 16
IRL	- 16	- 31	- 26	- 8	- 5	- 20	- 17	- 39	- 47	- 45	- 37	- 9	- 16
I	- 14	- 16	- 10	- 7	- 17	- 25	- 15	- 9	- 13	- 17	- 16	- 10	0
L	- 33	- 33	- 4	- 36	+ 7	+ 1	- 10	- 40	- 68	- 51	+ 15	+ 19	+ 3
NL	- 2	+ 1	+ 4	- 5	+ 3	- 5	0	+ 8	0	+ 1	+ 1	+ 14	+ 1
UK	-	- 15	+ 7	- 11	0	- 1	- 13	- 21	- 24	- 13	+ 10	+ 12	+ 16
EC (c)	- 18	- 14	- 1	- 14	- 8	- 13	- 11	- 10	- 20	- 13	- 1	+ 1	+ 6

For footnotes see page 5.

TABLE 3: Export volume expectations in manufacturing industry (a) (s.a.)

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1981		1982	1983	1981		1982				1983				1984
					III	IV	I	II	III	IV	I	II	III	IV	I
D	-3	-6	-6	-6	+2	+1	-2	-1	-6	-15	-14	-11	-5	+1	+8
F	-17	-15	-13	-13	-13	-9	-7	-16	-13	-21	-20	-14	-15	-8	-7
IRL	0	+3	-1	-2	+5	-3	0	+11	+2	-8	-7	+10	0	+9	+9
I	+4	-2	-1	+10	+11	+5	0	0	-10	-11	-6	+1	+7	+11	+11
L	-35	-32	-18	-11	0	+2	-3	-62	-64	-69	-16	+3	+11	+7	+7
NL	+2	+3	+9	+7	-12	-1	+9	+1	+4	-3	+12	+12	+14	+20	+20
UK	:	0	+7	+5	+12	+5	+9	-3	-6	+1	+12	+7	+8	+17	+17
EC (c)	-4	-5	-3	+1	+1	-1	-1	-5	-12	-11	-4	-2	+3	+9	+9

TABLE 4: Estimated number of months' production assured by orders on hand in manufacturing industry (a) (s.a.)

	Range (b)		1981	1982	1983	1981	1982				1983				1984
	Peak 1973	Trough 1975				IV	I	II	III	IV	I	II	III	IV	I
B	4,5	2,8	3,4	3,4	3,1	3,4	3,4	3,5	3,4	3,4	3,3	3,2	3,1	3,0	3,3
D	3,3	2,8	2,9	2,7	2,6	3,0	2,8	2,7	2,7	2,6	2,6	2,6	2,6	2,7	2,6
F	3,5	2,7	3,6	3,5	3,2	3,4	3,3	3,7	3,7	3,4	3,3	3,2	3,2	3,0	3,2
IRL	2,2	1,8	2,0	2,0	1,7	2,3	2,2	2,0	1,9	1,7	1,9	1,6	1,6	1,6	1,9
I	4,7	3,7	4,0	4,2	4,1	4,0	4,2	4,3	4,1	4,2	4,8	4,0	3,8	4,0	3,9
L	3,5	1,4	2,3	1,9	1,9	2,1	2,3	1,7	1,8	1,8	1,7	2,1	1,7	2,0	1,9
NL	4,7	2,6	3,7	3,7	2,6	3,6	4,0	4,0	3,9	3,1	2,6	2,5	2,4	2,8	2,7
UK	:	:	2,8	3,0	3,0	2,9	2,8	3,2	3,1	3,0	2,8	3,1	3,0	3,0	2,8
EC (c)	3,7	3,0	3,2	3,2	3,1	3,2	3,2	3,3	3,3	3,1	3,1	3,0	3,0	3,0	3,0

TABLE 5: Expected capacity constraints in manufacturing industry: i.e. net balance of respondents expecting capacity to be more than sufficient in relation to production expectations (a)(d)(s.a.)

	Range (b)		1981	1982	1983	1981	1982				1983				1984
	Peak 1973	Trough 1975				IV	I	II	III	IV	I	II	III	IV	I
B	-12	+58	+49	+39	+37	+44	+42	+42	+36	+38	+39	+40	+34	+35	+31
DK	:	:	+32	+35	+34	+26	+33	+31	+38	+36	+33	+32	+34	+36	+21
D	-3	+56	+34	+42	+42	+36	+36	+41	+42	+48	+49	+47	+40	+35	+28
F	-24	+45	+42	+37	+42	+41	+35	+38	+35	+37	+38	+38	+42	+48	+42
IRL	:	+34	+29	+34	+34	+24	+29	+34	+30	+40	+38	+34	+38	+30	+27
I	+1	+63	+45	+47	+54	+37	+39	+43	+46	+54	+58	+54	+54	+55	+46
L	-72	+73	+59	+60	+59	+56	+57	+63	+58	+62	+59	+60	+57	+58	+51
NL	-3	+60	+35	+47	+30	+41	+48	+54	+49	+41	+38	+31	+26	+24	+20
UK	:	:	+63	+60	+51	+57	+56	+61	+61	+63	+62	+51	+47	+43	+34
EC (c)	-7	+54	+44	+46	+45	+42	+41	+45	+45	+48	+49	+45	+43	+42	+35

TABLE 6: Capacity utilization in manufacturing industry (%) (a) (s.a.)

	Range (b)		1981	1982	1983	1981	1982				1983				1984
	Peak 1973	Trough 1975				IV	I	II	III	IV	I	II	III	IV	I
B	85,4	70,4	74,5	75,8	75,7	75,3	75,0	75,8	76,2	76,9	76,0	75,9	75,4	76,4	75,4
D	88,1	74,8	79,2	77,2	76,8	78,9	78,9	78,2	77,3	75,1	75,4	75,8	77,5	79,2	80,5
F	87,8	76,6	81,7	81,5	81,5	81,1	81,6	81,5	81,9	81,6	82,1	81,5	81,0	82,2	81,5
IRL	:	:	60,9	59,1	57,8	62,1	61,3	58,5	58,9	57,8	56,8	59,5	57,8	57,6	59,9
I	78,8	68,0	73,0	71,9	69,9	73,9	71,9	71,9	72,2	72,1	70,5	70,1	69,0	70,4	70,8
L	:	:	73,5	78,0	70,6	75,8	75,3	81,0	79,5	77,5	73,4	70,5	66,5	72,0	74,3
NL	86,0	76,0	78,5	76,7	79,4	77,9	77,2	76,3	79,9	77,8	78,2	79,2	79,9	80,9	80,7
UK (e)	90,6	75,5	72,8	74,2	76,5	74,5	73,9	73,9	74,6	74,5	74,7	75,7	76,9	78,7	80,2
EC (f)	86,4	75,0	77,4	76,9	77,0	77,8	77,5	77,0	76,9	76,3	76,4	76,5	77,0	78,6	79,2

TABLE 7: Employment expectations in manufacturing industry (a)

Net balance of respondents expecting employment up, unchanged or down

	Range (b)		1981	1982	1983	1981	1982				1983				1984
	Peak 1973	Trough 1975				IV	I	II	III	IV	I	II	III	IV	I
B	+12	-26	-18	-14	-14	-16	-12	-11	-14	-20	-17	-9	-14	-14	-13
DK	:	:	-10	-9	-5	-10	-17	+3	-10	-10	-17	-1	0	-1	+9
D	+13	-34	-20	-32	-27	-26	-28	-27	-29	-42	-29	-26	-25	-27	-18
F	+17	-35	-39	-23	-31	-37	-23	-22	-18	-29	-32	-28	-27	-35	-44
IRL	+15	-34	-25	-30	-23	-30	-23	-37	-26	-34	-20	-26	-34	-12	-13
I (g)	+13	-26	-38	-36	-38	-42	(-42)	-29	(-29)	-43	(-43)	-34	(-34)	-41	(-41)
L	+75	-67	-44	-49	-52	-38	-51	-51	-50	-43	-54	-43	-56	-54	-57
NL	+4	-32	-17	-22	-29	-17	-15	-18	-21	-33	-37	-30	-25	-22	-14
UK	:	:	-48	-39	-28	-44	-34	-37	-39	-44	-44	-26	-22	-20	-14
EC (c)	+12	-31	-32	-30	-29	-33	-28	-26	-27	-38	-34	-27	-25	-28	-26

(a) Details of the questions are given on the last page.

(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1973 and 1975, respectively.

(c) Weighted total of available country data.

(d) Answers to the questions whether, taking into account the level of order-books or production, capacity is more than sufficient (×), sufficient (=) or less than sufficient (-). Thus, negative net balances (capacity less than sufficient) indicate high levels of capacity utilization and positive net balances (capacity more than sufficient) are associated with low levels of capacity utilization.

(e) The series for the United Kingdom are estimated using the national (Confederation of British Industry) data on the percentage of firms reporting below-capacity working.

(f) Column totals, with country data weighted by volume of industrial production in 1975.

(g) Question asked in May and October only. Result used in the two other quarters to compute EC-balance.

Source: European Community business surveys.

TABLE 8: Indicators of output and economic sentiment

		Trough 1974/75	1981	1982	1983 ³	1983				1983				1984	
						I	II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
B	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100													
			113,9	112,8	:	:	:	:	:	:	:	:	:	:	:
			88,2	111,6	111,6	:	112,4	113,2	115,7	:	115,3	117,1	118,2	:	:
	1. industrial confidence indicator		-56	-27	-22	-20	-23	-21	-19	-14	-18	-16	-16	-12	-14
	2. construction confidence indicator		-36	-47	-48	-57	-56	-57	-55	-60	-56	-57	-63	-60	-61
	3. consumer confidence indicator ^{1, 4}		-18	-27	-27	-27	-31	-22	-26	-30	:	:	:	:	-28
	4. share-price index ^{4, 5}		84,9	70,7	86,8	111,4	96,9	111,9	119,5	117,2	120,7	113,5	115,6	122,4	149,3
	= 5. economic sentiment indicator		99,3	97,8	99,0	100,1	98,8	100,5	100,7	100,3	100,7	100,2	100,0	100,6	102,1
D	<i>gross national product</i>	1975=													
	<i>index of industrial production</i>	100													
			99,0	118,6	117,2	:	117,3	118,5	118,7	:	:	:	:	:	:
			97,9	115,9	112,5	:	111,5	113,8	113,3	116,7	114,9	115,2	117,2	117,4	:
	1. industrial confidence indicator		-49	-30	-33	-21	-30	-23	-17	-19	-15	-13	-11	-10	-8
	2. construction confidence indicator		-72	-48	-59	-40	-48	-39	-35	-37	-32	-36	-38	-38	-41
	3. consumer confidence indicator ^{1, 4}		-22	-22	-26	-12	-17	-7	-11	-11	-12	-12	-12	-10	7
	4. share-price index ^{4, 5}		80,0	108,7	108,3	136,9	121,3	139,4	139,2	147,6	137,8	143,8	147,6	151,3	155,2
	= 5. economic sentiment indicator		98,8	98,9	98,2	101,3	99,5	101,7	101,7	102,3	101,7	102,0	102,1	102,5	103,0
F	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100													
			98,5	117,8	119,9	:	120,2	120,7	120,2	:	:	:	:	:	:
			86,9	115,5	113,7	:	113,7	114,9	115,8	115,8	114,6	112,9	117,3	116,4	:
	1. industrial confidence indicator		-49	-30	-17	-23	-18	-23	-28	-22	-27	-21	-23	-23	-26
	2. construction confidence indicator		:	-36	-49	-52	-44	-50	-59	-57	:	-57	:	:	-58
	3. consumer confidence indicator ^{1, 4}		-9	-9	-5	-16	-9	-17	-18	-19	:	:	:	:	-20
	4. share-price index ^{4, 5}		79,8	131,5	131,0	173,5	144,3	166,3	183,0	200,3	186,6	194,8	197,4	208,6	221,6
	= 5. economic sentiment indicator		98,1	98,9	98,9	97,4	98,6	97,3	96,5	97,0	96,5	97,0	96,9	97,0	97,1
IRL	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100													
			:	123,6	:	:	:	:	:	:	:	:	:	:	:
			96,3	134,7	135,3	:	143,9	139,6	144,9	:	144,1	154,1	146,0	:	:
	1. industrial confidence indicator		-41	-18	-19	-20	-26	-24	-17	-12	-13	-16	-13	-8	-4
	2. construction confidence indicator		:	-33	-51	-60	-77	-61	-58	-44	-66	-53	-56	-22	-63
	3. consumer confidence indicator ^{1, 4}		-41	-28	-34	-40	-36	-44	-41	-38	:	:	:	:	-33
	4. share-price index ^{4, 5}		63,4	219,9	179,9	222,4	171,6	206,8	249,7	261,4	261,0	268,3	257,8	258,0	258,0
	= 5. economic sentiment indicator		97,7	102,0	101,4	101,3	100,8	101,3	101,1	101,8	101,4	101,7	101,7	102,0	102,1
I	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100													
			93,1	120,9	120,5	:	119,3	117,3	118,3	:	:	:	:	:	:
			94,7	125,0	121,7	:	120,8	115,2	117,1	118,9	117,9	116,4	124,3	115,9	:
	1. industrial confidence indicator		-59	-31	-31	-29	-35	-33	-27	-23	-24	-22	-25	-21	-18
	2. construction confidence indicator		-56	-18	-29	-36	-35	-34	-37	-35	-37	-36	-33	-36	-40
	3. consumer confidence indicator ^{1, 4}		-39	-22	-18	-23	-25	-21	-22	-22	-21	-24	-23	-20	-20
	4. share-price index ^{4, 5}		84,6	160,0	129,9	160,0	154,7	161,6	161,9	161,7	170,0	160,0	162,0	163,0	200,0
	= 5. economic sentiment indicator		99,1	102,1	101,8	101,7	100,5	101,2	101,4	101,2	101,5	101,0	101,1	101,5	102,1
NL	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100													
			:	112,1	111,1	:	:	:	:	:	:	:	:	:	:
			98,0	111,0	107,0	:	108,7	107,3	106,0	110,3	105,0	107,0	110,0	114,0	:
	1. industrial confidence indicator		-44	-25	-26	-16	-20	-17	-15	-12	-12	-12	-13	-10	-9
	2. construction confidence indicator		-47	-32	-41	-35	-42	-37	-32	-27	-29	-26	-26	-28	-26
	3. consumer confidence indicator ^{1, 4}		-19	-31	-32	-30	-34	-28	-28	-28	:	:	:	:	-26
	4. share-price index ^{4, 5}		80,5	98,9	100,0	144,5	122,7	142,2	154,1	158,8	155,5	156,5	154,5	165,5	190,6
	= 5. economic sentiment indicator		99,6	98,3	98,1	100,2	98,8	100,2	100,7	101,1	100,9	101,0	100,7	101,3	102,5
UK	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100													
			98,1	106,9	109,5	:	113,3	111,6	112,4	:	:	:	:	:	:
			97,0	104,2	106,0	:	107,6	107,7	109,2	110,4	109,8	109,9	109,3	111,0	:
	1. industrial confidence indicator		:	-33	-25	-10	-21	-10	-6	-3	-4	-8	-1	+1	+3
	2. construction confidence indicator		:	-51	-42	-30	-31	-32	-30	-28	:	-28	:	:	-28
	3. consumer confidence indicator ^{1, 4}		-33	-21	-12	-2	-6	+1	0	-1	-1	-2	-1	0	+2
	4. share-price index ^{4, 5}		49,2	237,0	274,6	347,4	321,8	346,9	360,4	360,6	355,2	347,7	363,7	370,3	397,0
	= 5. economic sentiment indicator		95,0	100,9	101,8	103,7	103,9	103,7	104,1	104,1	104,1	103,7	104,2	104,3	104,7
EC	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100													
			99,0	116,4	117,0	:	117,6	117,6	117,8	:	:	:	:	:	:
			96,8	114,4	112,8	:	111,6	112,3	113,7	115,2	114,8	113,6	115,9	116,0	:
	1. industrial confidence indicator		-49	-31	-27	-20	-25	-21	-18	-14	-16	-16	-14	-12	-12
	2. construction confidence indicator		:	-39	-43	-41	-41	-40	-41	-40	(-40)	-40	(-40)	(-41)	-43
	3. consumer confidence indicator ^{1, 4}		-17	-19	-17	-14	-16	-12	-14	-15	-14	-15	-15	-13	-12
	4. share-price index ^{4, 5}		81,8	170,2	187,2	248,7	217,8	242,7	258,3	266,7	261,2	258,9	266,8	274,5	295,8
	= 5. economic sentiment indicator		97,4	99,9	100,1	102,2	100,7	102,1	102,8	103,1	103,0	102,8	103,1	103,5	104,0

¹ Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. For the message of construction of the indicator, see: *European Economy — Supplement C*.

² Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

³ For the Federal Republic of Germany, gross national product.

⁴ Not seasonally adjusted.

⁵ Revised by Eurostat.

Source: European Community business surveys and Eurostat.

TABLE 9: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1981	1982	1983	1983				1983				1984	
		Peak 1972/73	Trough 1974/75				I	II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
B	production expectations	+31	-56	-26	-18	-16	-23	-19	-15	-6	-14	-10	-7	-2	-4	-3
	order-books	+13	-74	-45	-40	-34	-39	-36	-33	-28	-32	-29	-31	-25	-26	-21
	export order-books	+15	-82	-47	-40	-34	-39	-35	-31	-30	-31	-30	-30	-30	-28	-24
	stocks of finished products	-14	+37	+11	+8	+9	+8	+10	+9	+9	+7	+10	+10	+8	+11	+10
	selling-price expectations	+64	-10	+29	+28	+24	+23	+24	+25	+24	+27	+24	+22	+27	+28	+31
	industrial confidence indicator	+19	-56	-27	-22	-20	-23	-21	-19	-14	-18	-16	-16	-12	-14	-11
DK	production expectations	:	:	-3	+4	+7	+5	0	+6	+17	:	:	:	:	:	:
	order-books	:	:	-24	-17	-4	-8	-14	-2	+17	:	:	:	:	:	:
	export order-books	:	:	-7	-4	-3	-2	-4	-5	+1	:	:	:	:	:	:
	stocks of finished products	:	:	+17	+16	+12	+14	+10	+9	+4	:	:	:	:	:	:
	selling-price expectations	:	:	+15	-10	-3	-6	-8	-2	+7	:	:	:	:	:	:
	industrial confidence indicator	:	:	-15	-10	-3	-6	-8	-2	+7	:	:	:	:	:	:
D	production expectations	+17	-32	-17	-20	-2	-12	-2	+1	+6	+3	+3	+7	+7	+10	+7
	order-books	-5	-73	-46	-53	-43	-54	-46	-40	-31	-37	-35	-32	-27	-25	-24
	export order-books (d)	+23	+33	-1	-7	-4	-9	-8	-2	+5	0	+1	+6	+7	+9	+9
	stocks of finished products	-7	+43	+26	+26	+17	+25	+20	+13	+9	+11	+8	+9	+9	+8	+8
	selling-price expectations	+55	+4	+32	+18	+16	+6	+15	+21	+23	+26	+25	+23	+22	+25	+27
	industrial confidence indicator	+10	-49	-30	-33	-21	-30	-23	-17	-11	-15	-13	-11	-10	-8	-8
F	production expectations	+33	-29	-11	-4	-13	-9	-13	-18	-12	-16	-8	-14	-15	-17	-18
	order-books	+26	-69	-46	-30	-38	-32	-37	-42	-39	-42	-37	-42	-37	-39	-38
	export order-books	+24	-66	-47	-36	-38	-42	-44	-39	-26	-40	-30	-25	-22	-24	-21
	stocks of finished products	-14	+50	+34	+16	+18	+13	+18	+23	+16	+23	+18	+12	+17	+21	+18
	selling-price expectations	+76	+15	+54	+49	+45	+44	+47	+46	+43	+42	+36	+46	+46	+52	+52
	industrial confidence indicator	+29	-49	-30	-17	-23	-18	-23	-28	-22	-27	-21	-23	-23	-26	-25
IRL	production expectations	:	-21	-1	-4	-8	-8	-12	-6	-6	+1	-9	-6	-2	+2	+6
	order-books	:	-68	-36	-39	-44	-53	-50	-41	-32	-37	-37	-37	-22	-19	-22
	export order-books	:	-22	+2	-7	0	-10	-9	+4	+14	+10	+6	+18	+18	+22	+2
	stocks of finished products	:	+35	+16	+14	+8	+17	+10	+4	-1	+2	+1	-3	-1	-6	+4
	selling-price expectations	:	+64	+41	+35	+31	+28	+31	+30	+33	+28	+27	+34	+37	+32	+42
	industrial confidence indicator	:	-41	-18	-19	-20	-26	-24	-17	-12	-13	-16	-13	-8	-4	-7
I	production expectations	+40	-43	-16	-15	-11	-19	-13	-7	-6	+2	+1	-9	-9	+5	+5
	order-books	+30	-82	-49	-53	-54	-62	-59	-50	-45	-51	-48	-47	-39	-42	-35
	export order-books	+13	-67	-45	-49	-49	-55	-54	-47	-40	-47	-43	-40	-37	-37	-34
	stocks of finished products	-24	+53	+28	+25	+22	+24	+25	+23	+17	+22	+19	+19	+14	+17	+20
	selling-price expectations	+76	+10	+59	+50	+45	+43	+46	+43	+49	+45	+50	+46	+50	+48	+56
	industrial confidence indicator	+31	-59	-31	-31	-29	-35	-33	-27	-23	-24	-22	-25	-21	-18	-17
L	production expectations	+84	-80	-39	-40	-7	-27	-7	+5	-1	+3	-3	+9	-2	+4	-24
	order-books	:	:	-62	-60	-49	-62	-59	-45	-28	-39	-41	-37	-6	0	+1
	export order-books	:	:	-81	:	-57	-63	-68	-58	-38	-56	-59	-48	-6	+2	+6
	stocks of finished products	-14	+74	+28	+14	+23	+51	+22	+20	0	+22	+6	+2	-7	-2	-11
	selling-price expectations	:	-46	+60	+10	+24	+25	+42	+34	-6	+38	-2	-19	+2	+38	+33
	industrial confidence indicator	:	:	-43	-38	-26	-47	-29	-20	-9	-19	-17	-10	0	+2	-4
NL	production expectations	+26	-26	-6	-5	0	-4	-1	+1	+5	+5	+7	+2	+6	+8	+6
	order-books	+7	-48	-37	-39	-32	-38	-33	-31	-27	-29	-27	-28	-26	-22	-17
	stocks of finished products	-3	+57	+32	+33	+15	+17	+16	+15	+13	+12	+15	+14	+11	+13	+7
	industrial confidence indicator	+12	-44	-25	-26	-16	-20	-17	-15	-12	-12	-12	-13	-10	-9	-6
UK	production expectations	:	:	-4	+1	+17	+4	+15	+22	+25	+25	+18	+27	+31	+24	+29
	order-books	:	:	-69	-54	-34	-48	-33	-29	-24	-28	-29	-23	-20	-13	-11
	export order-books	:	:	-55	-48	-34	-47	-34	-32	-21	-29	-27	-22	-15	-17	-17
	stocks of finished products	:	:	+27	+23	+13	+18	+13	+11	+9	+8	+12	+6	+8	+9	+8
	selling-price expectations	:	:	+25	+27	+26	+21	+25	+26	+30	+26	+28	+32	+30	+38	+34
	industrial confidence indicator	:	:	-33	-25	-10	-21	-10	-6	-3	-4	-8	-1	+1	+1	+3
EC (e)	production expectations	+24	-30	-13	-11	-3	-9	-4	-1	+3	+2	+2	+3	+5	+6	+5
	order-books	+15	-70	-51	-47	-40	-47	-42	-39	-33	-37	-36	-33	-30	-28	-25
	export order-books	+14	-48	-31	-30	-25	-32	-28	-24	-16	-23	-19	-15	-13	-12	-11
	stocks of finished products	-10	+48	+28	+22	+16	+19	+18	+16	+12	+14	+13	+11	+11	+13	+12
	selling-price expectations	+64	+9	+40	+32	+30	+24	+29	+32	+33	+32	+32	+34	+33	+38	+39
	industrial confidence indicator	+16	-49	-31	-27	-20	-25	-21	-18	-14	-16	-16	-14	-12	-12	-11

(a) The indicator is an average of the responses (net balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) Details of the questions are given on the last page.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such.

(e) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981).

Note: (s.a.) = seasonally adjusted.

: = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 10: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1981	1982	1983	1983				1983				1984	
		Peak 72/73	Trough 74/75				I	II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
B	order-books	-13	-47	-53	-61	-73	-71	-72	-73	-74	-74	-73	-76	-73	-71	-74
	employment expectations	+31	-24	-41	-36	-41	-41	-42	-37	-45	-37	-41	-49	-46	-51	-49
	price expectations	+75	+25	+8	-1	-11	-8	-14	-8	-13	-6	-12	-12	-14	-11	-17
	construction confidence indicator (a)	+9	-36	-47	-49	-57	-56	-57	-55	-60	-56	-57	-63	-60	-61	-62
D	order-books	-17	-84	-61	-73	-60	-69	-62	-56	-54	-53	-55	-53	-53	-56	-59
	employment expectations	+10	-60	-35	-44	-20	-28	-16	-14	-20	-10	-16	-22	-23	-25	-27
	price expectations	+48	-37	-41	-28	+3	-7	-2	+8	+11	+11	+12	+11	+10	+6	-3
	construction confidence indicator (a)	-4	-72	-48	-59	-40	-48	-39	-35	-37	-32	-36	-38	-38	-41	-43
F	order-books	:	:	-48	-62	-66	-58	-63	-70	-72	:	-72	:	:	-62	:
	employment expectations	:	:	-24	-35	-37	-29	-37	-47	-41	:	-41	:	:	-47	:
	construction confidence indicator (a)	:	:	-36	-49	-52	-44	-50	-59	-57	:	-57	:	:	-58	:
		:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
I	order-books	-25	-68	-29	-44	-48	-49	-49	-50	-42	-50	-43	-43	-41	-49	-53
	employment expectations	+10	-44	-7	-13	-23	-21	-19	-24	-27	-24	-28	-22	-30	-31	-24
	price expectations	+85	+30	+71	+54	+14	+20	+13	+10	+12	+12	+8	+13	+15	+14	+7
	construction confidence indicator (a)	-8	-56	-18	-29	-36	-35	-34	-37	-35	-37	-36	-33	-36	-40	-39
L	order-books	+21	-50	-21	-46	-53	-48	-57	-49	-58	-54	-52	-63	-59	-74	-74
	employment expectations	+31	-39	-6	-25	-36	-32	-32	-39	-40	-51	-42	-38	-41	-59	-75
	price expectations	+82	+11	+30	+17	-16	+3	-18	-22	-25	-15	-28	-29	-19	-31	-30
	construction confidence indicator (a)	+26	-45	-14	-36	-45	+40	-45	-44	-49	-53	-47	-51	-50	-67	-75
NL	order-books	-8	-81	-50	-57	-55	-59	-57	-54	-48	-54	-48	-48	-47	-47	-49
	employment expectations	+14	-13	-14	-25	-14	-24	-16	-9	-5	-4	-3	-4	-8	-5	-6
	construction confidence indicator (a)	+3	-47	-32	-41	-35	-42	-37	-32	-27	-29	-26	-26	-28	-26	-28
		:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
UK	order-books	:	:	-60	-59	-48	-47	-52	-46	-47	:	-47	:	:	-43	:
	employment expectations	:	:	-42	-25	-12	-14	-11	-13	-9	:	-9	:	:	-12	:
	price expectations	:	:	-16	0	+11	+11	+6	+15	+12	:	+12	:	:	+14	:
	construction confidence indicator (a)	:	:	-51	-42	-30	-31	-32	-30	-28	:	-28	:	:	-28	:
EC	order-books	:	:	-51	-61	-57	-58	-58	-57	-55	(-56)	-56	(-55)	(-55)	(-56)	(-57)
	(d) employment expectations	:	:	-28	-24	-24	-25	-22	-24	-24	(-23)	-23	(-24)	(-26)	-29	(-28)
	construction confidence indicator (a)	:	:	-39	-43	-41	-41	-40	-41	-40	(-40)	-40	(-40)	(-41)	-43	(-43)
		:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) Owing to lack of data for certain Member States, Community totals are incomplete.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1962. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- order-books: above normal, normal, below normal?
- export order-books: above normal, normal, below normal?
- stocks of finished products: above normal, normal, below normal?
- production expectations for the months ahead: up, unchanged, down?
- selling price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- duration of assured production: in months?

The surveys are undertaken by:

- B** — Belgium: Banque Nationale de Belgique
- DK** — Denmark: Danmarks Statistik
- D** — Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- GR** — Greece: Institute of Economic and Industrial Research
- F** — France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL** — Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I** — Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L** — Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL** — Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK** — United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey
- DI (Department of Industry), for the investment survey
- National Federation of Building Trades Employers, for the construction survey.

The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches: the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence indicator and the share price index are given equal weight, while the construction confidence indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgments on the level of order-books) is attributed half the weight of each of the other three. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

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